

Sound Money League of Pennsylvania.

DOCUMENT No. 8.

SOUND MONEY SPEECH

—OF—

C. Stuart Patterson, Esq.

—AT—

The Union League of Philadelphia

June 24, 1895.

PHILADELPHIA:
SOUND MONEY LEAGUE OF PENNSYLVANIA,
BOURSE BUILDING.

ADDRESS

— OF —

C. Stuart Patterson, Esq.

The following is the address on the subject of "Sound Money," delivered by C. Stuart Patterson, Esq., at a special meeting of the Union League held in the Assembly Room of the Club House on the evening of Monday, June 24, 1895.

MR. PRESIDENT:—I move the adoption of the resolution, which I now read:—

"The Union League of Philadelphia, faithful to the Republican party, and believing it to be the settled doctrine of the party that the honor of the Nation and the interests of its citizens require the maintenance of a National currency, every dollar of which, whether in gold, silver or notes, shall be of stable value and of equal purchasing power, hereby declares its opposition to the debasement of the National currency by the admission of silver to free and unlimited coinage at the arbitrary ratio of 16 to 1."

THE RESOLUTION EXPLAINED.

It is important, Mr. President, to understand clearly the precise scope and import of the resolution. It is directed to meet the proposition pending before the country at this

time. That pending proposition is not that of international bimetallism upon an assured basis, but it is that of admitting silver under the independent action of this country to free and unlimited coinage in the mints of the United States at the purely arbitrary ratio of 16 to 1, and that arbitrary ratio of 16 to 1 is mentioned in the resolution simply because that ratio is the precise proposition which is put before the country by the opponents of sound and honest money at this time.

FREE COINAGE DEFINED.

Now what does free coinage mean? It means, taking the figures of 1894, when the average market price of silver in the markets of the world was sixty-three and a-quarter cents, that anybody may take sixty-three and a-quarter cents' worth of silver to the mints of the United States and obtain therefor the money of the United States to the amount of one dollar and twenty-nine cents, thereby making for himself on every ounce of silver delivered to the mints a profit of sixty-five and three-quarter cents. That is the precise proposition which is put before this country at the present time. That is the proposition which the business interests of this country are expected to approve, and that in the face of the fact that at the present time there are in the Treasury of the United States sixteen and a-half millions of dollars of subsidiary coin, more than three hundred and seventy millions in silver dollars, and a quantity of bullion, more than enough to coin one hundred and seventy-eight million standard silver dollars; making a total stated in dollars of five hundred and sixty-four and a-half million dollars, or more than nine times the quantity of silver which this country has ever been able to keep in circulation as coin at any one time.

The proposition, stated in that way, ought to be sufficient to show that the real purpose of the silver agitation is not to put more silver into circulation, but that the real purpose of those who mine or own silver bullion is to sell their bullion

to the Government, and to realize an exorbitant profit on it, and the real purpose of such silver advocates as may not happen to be interested in the production or the ownership of silver, is simply to create an inflation of the currency.

THE AMOUNT OF THE CIRCULATION.

Now, what are the facts with regard to the amount of money which the country has at the present time? The country, regarding its coins and regarding its notes in circulation, has to-day very nearly as much money in circulation as it has had at any time in its history, for it has now a circulation per capita of \$22.69 as compared with \$18.03 in 1873, and when you also take into consideration the modern conditions of business and the changes that have been made in business by the banking facilities of to-day, and by the operations of clearing houses for banks and of clearing houses for stock exchanges—when you take all these things into consideration, you will see that the country has at the present time a vastly greater amount of circulating medium than it has had at any time in its history. The last report of the Comptroller of the Currency shows that 95 per cent. of the business of the banks and more than 50 per cent. of the retail business of the country is transacted by the exchange of credits, and without the use of any coin or notes. All scientific economists are agreed that the per capita theory of circulation is as obsolete and as little suited to the conditions of to-day as the practice of barter.

Now, why the arbitrary ratio of 16 to 1? Why not 15 to 1? Why not 12 to 1? Why not 1 to 1? The contention of the silver advocates is that while the condition of the markets of the world is such that the actual market ratio of silver to gold is about 32 to 1, yet it is perfectly practicable and entirely possible for this Government, acting alone, by its unaided exertions, without reference to any international agreement, to maintain silver in circulation at the arbitrary

ratio of 16 to 1. There is no magic in the numbers 16 and 1. If this country can now maintain gold and silver coin at that ratio, it can with equal certainty maintain the parity of value at the ratio of 1 to 1, or it can enforce a legislative declaration that silver is intrinsically of greater value than gold. If gentlemen will look at the history of the country, they will see that the maintenance of an artificial legal ratio at variance with the commercial ratio of the two metals, is an absolute impossibility.

THE HISTORY OF THE COINAGE.

The country was first called upon to meet this question in 1792 when the mint was established. Under the legislation of the United States, in 1792, a system of bimetallism was adopted, not an arbitrary system of bimetallism, but an intelligible and rational system, a system of bimetallism which was based upon the proposition that you cannot have a legal ratio of silver to gold which is to be stable and effective if that ratio differ in any respect from the market ratio. That system was adopted upon two reports, one of which was made by Mr. Jefferson, and the other by Mr. Hamilton. However much those gentlemen differed upon various questions, they were upon this question agreed; and the consensus of opinion in the civilized world has agreed with them ever since.

Mr. Jefferson then said: "The proportion between the value of gold and silver is a mercantile problem altogether." Mr. Hamilton said: "There can hardly be a better rule in any country for the legal than the market proportion," and, he added, "as the ratio of 1 to 15 is so nearly conformable to the state of the markets, and best agrees with that of our own, it will probably be found the most eligible." The act of 1792 did not make silver the unit. It made the dollar the unit, and it provided for the coinage of the unit in silver, and for the coinage of multiples of the unit in gold. The

legal ratio of 1 to 15 was then adopted, and that ratio continued in force until 1834. You will observe that the effect of the legislation of 1792 was not the establishment of a double standard, meaning thereby two standards of differing value, but it was the establishment of one standard, represented in either of the two metals, and at a legal ratio which was believed to be identical with the market ratio of the values of the two metals.

Mr. Hamilton also said in 1792, "one consequence of overvaluing either metal in respect to the other is the banishment of that which is undervalued. If two countries are supposed, in one of which the proportion of gold to silver is 1 to 16, as the other is 1 to 15, gold being worth more and silver less in one than in the other, it is manifest that in their reciprocal payments each will select that species which it values least to pass to the other where it is valued most. * * *

It is evident that as often as the country which overrates either of the metals receives a payment in the metal, it gets a less actual quantity than it ought to do, or than it would do if the rate was a just one. It is also equally evident that there will be a constant effort to make payment to it in that species to which it has annexed an exaggerated estimation wherever it is current at a less proportional value; and it would seem to be a very natural effect of these two causes not only that the mass of the precious metals in the country in question would consist chiefly of that kind to which it had given an extraordinary value, but that it would be absolutely less than if they had been duly proportioned to each other."

That which was pointed out by Mr. Hamilton in 1792 is the condition of things which did come to pass in this country after the enactment of the law of 1792, and after the enactment of the law of 1834, and which will again come to pass in this country in this year if silver be now admitted to free coinage at the arbitrary ratio of 16 to 1 when its market ratio is more than 32 to 1.

Every man who is conversant with practical business affairs knows that when you have two currencies in circulation, the one a currency of less value, and the other a currency of greater value, and when the two currencies are not in fact convertible at par, that which was predicted by Mr. Hamilton will happen, and the currency of greater value will inevitably be driven out. This country would now be put upon a silver basis and reduced to the level of Mexico and countries of that class if it should undertake to maintain in concurrent circulation gold and an unlimited amount of debased silver coin. Upon that aspect of the question, let me read to you a letter from a Philadelphian, who is the president of a railroad upon the Mexican border. He writes: "I have always been in favor of gold money, but this free coinage will cut labor in half, so that I have my doubts but that it is for the interest of employers to have free coinage, as it means cheap labor. I have been coming here for ten years, and I have seen a Mexican dollar go from 80 cents to 48 cents, and the price of labor in Mexico is the same. About the City of Mexico section men get $37\frac{1}{2}$ cents, Mexican money, a day, and, I am told, work hard. I am employing men as low as 75 cents, Mexican money, a day; and one man transfers, with a shovel, over a car of coal a day from our cars of twenty tons each to the cars of the Mexican National, which is a narrow gauge. With the gold value of our wages cut in half, our farmers and manufacturers would have very cheap labor, and should be able to profitably compete with the world in foreign markets. It would make the rich richer, and the poor poorer."

I beg to commend this letter to the gentlemen of the Manufacturers' Club.

In 1792 the ratio was established at 15 to 1. Gold was then undervalued. The market ratio at that time was 15.17 to 1, and that slight difference of seventeen one hundredths of one per cent. drove gold absolutely out of circulation,

yet that difference is trivial in comparison with that which would prevail in this country if, in the face of the conditions of to-day, silver were to be admitted to free coinage at 16 to 1. In 1834 the gold dollar was reduced from 24.30 grains to 23.22 grains, and the ratio was thereby changed to 16.002 to 1. In 1837 the weight of the silver dollar was reduced from 416 grains to $412\frac{1}{2}$ grains, but with the same amount of fine silver remaining in it, namely, $371\frac{1}{4}$ grains, and the ratio was thereby changed to 15.988 to 1. The effect of the changed ratios of 1834 and 1837 was to undervalue silver just as gold had been undervalued before by the ratio of 1792, and, in the then state of the markets of the world, silver was driven out of circulation just as gold had been driven out of circulation before. The fractional silver was, in 1837, made token money, by reducing the quantity of fine silver in each coin. The Act of 1873 designedly and intentionally omitted the silver dollar from the coinage list, for the very practical reason that there was no real popular demand for silver coins of larger denomination than fifty-cent pieces. Judge Kelley, a distinguished member of this Club, in reporting that act to the House, said, "The committee went over it, line by line, and word by word." It is the fact that the bill was for more than three years before the House and Senate, and it is also worthy of note that Judge Kelley said, in his speech on that occasion, "under the existing conditions it is impossible for the United States to retain the double standard."

Now, from 1873 on, while there has been an increased production of gold, there has also been a very largely increased production of silver. In 1873 the world's production of silver was \$63,000,000, in 1893, it was \$209,000,000, and in 1894 it was \$214,500,000. In 1893, of the total silver production of \$209,000,000, the United States produced \$77,500,000, and Mexico produced \$26,500,000. In 1894, of the total production of \$214,500,000, the United States produced \$64,000,000, and Mexico produced \$60,000,000,

an increase as compared with 1893 for Mexico from \$26,500,000 to \$60,000,000, and a decrease for the United States from \$77,500,000 to \$64,000,000. With the increased production of silver, under the stimulus of free coinage, if free coinage were to come, and with the cheap labor of Mexico, is there any reason to expect that the price of silver could be kept up in the markets of the world?

It is idle to talk of regulating the price of any commodity by legislation. The experiment has been tried over and over again since the world began. It never has succeeded and it never can succeed, for the laws of trade are stronger than the legislation of any country. Indeed, the only way in which international bimetallism can be made continuously effective is by creating internationally so large a demand for silver as to keep up its price in the markets of the world. If international bimetallism can do that it will succeed. If it cannot do that it will be as ineffective as national silver monometallism. But, however that may be, it is as certain as the day, that no country acting singly and alone, can possibly hope under free coinage to maintain gold and silver at a parity of value. There is a curious illustration of an attempt to regulate values by legislation which occurred somewhat early in the history of this country—in the days when hogsheads of tobacco were the medium of exchange in the Colony of Virginia. The finances of the Colony had fallen into an unsatisfactory condition, its debts had increased, its creditors were clamorous, and there was not enough tobacco in the Colonial treasury to meet those debts. But there was one statesman who was equal to the emergency. He reminded the assembled legislators that there were in the warehouses and belonging to the Colony a certain number of hogsheads of tobacco, and he said to them: "You have the control of legislation. What is there to prevent your stamping each hogshead of tobacco as containing double the number of pounds of tobacco which it really does contain?"

Do that and you are out of the difficulty." That is the argument which the advocates of the unlimited coinage of silver make to-day, and that is what the Government of the United States is now asked to do. It is asked to stamp fifty cents' worth of silver as being worth a dollar of silver. By one of the curious coincidences of history the man who made that proposition in Virginia rejoiced in the name of Bland. He must have been the ancestor logically, if not legally, of that distinguished member of the Congress of the United States whose name and fame are inseparably associated with the silver coinage.

You will remember that specie payments had been suspended in 1861, and that they were not resumed until January 1, 1879. The Act of 1873 was, therefore, passed when neither gold nor silver were in circulation in this country as money. So far as the demonetization of silver is concerned, that act failed of practical effect, for in 1878, and preceding the resumption of specie payments, the Bland-Allison Act was passed, requiring the monthly purchase and coinage into legal-tender dollars of not less than two nor more than four million dollars worth of silver bullion. Under that act the Government purchased more than two hundred and ninety-one millions of ounces of silver bullion, and coined more than three hundred and seventy-eight millions of silver dollars, and yet, notwithstanding the demand thereby created for silver bullion, its price fell in the markets of the world. In 1890 the Sherman Act directed the monthly purchase of four and one-half million ounces of silver bullion, to be paid for in Treasury notes, and declared it to be "the established policy of the United States to maintain the two metals (gold and silver) on a parity with each other upon the present legal ratio (15.988 to 1), or such ratio as may be provided by law." Under that law the Government bought more than one hundred and sixty-eight million ounces of silver, which cost more than one hundred and fifty-six millions of dollars, and which are now worth

about one hundred and one millions of dollars. Notwithstanding the Act of 1890, the market price of silver continued to fall. Has not the Government done enough, and have not the people been sufficiently taxed for the benefit of the owners of the silver mines?

You have not forgotten the summer of 1893. There is not a man within the sound of my voice who is not poorer by reason of the panic of that year, and that panic was in part traceable to the evil operation of the Acts of 1878 and 1890, and, in part, due to Mr. Wilson's attack on the industrial prosperity of the country. When, on November 1, 1893, the repealing statute was passed, the country again began to climb upward to the heights of prosperity.

The chief functions of money are to serve as a measure of value and as a medium of exchange. As a measure of value it must have a market value as a commodity as nearly stable as possible, and in order to secure the stability of that market value, the relation between its supply and demand must be as nearly constant as possible. As a medium of exchange it must, for all transactions, be of great value and of little bulk, and, for international transactions, it must be of an intrinsic value equivalent to its face value. Tried by these tests gold is the only metal which, under existing conditions, satisfactorily fulfills the functions of money. Silver fails to fulfill them, and the best evidence that it fails to fulfill them is to be found in the fact that, from the establishment of the Mint in 1792 and down to 1878 it was found necessary to coin but little more than eight millions of silver dollars, and that, during the whole history of the Government, it has never been possible, even with the inducement of free transportation from the Government offices, to force more than sixty-seven millions of dollars into circulation at any one time. In the face of these facts it is nothing less than absurd to talk of the existence of any real popular demand for the use of silver dollars as currency.

I submit that the question of free coinage can be condensed into two propositions, neither of which can be successfully assailed by the advocates of silver, and those propositions are: *first*, the country never has wanted, and does not now want silver dollars; and, *secondly*, if it did, there is now in the Treasury, without considering the silver dollars stored in the Treasury, bullion enough to coin more than one hundred and eighty millions of silver dollars, or nearly three times as many silver dollars as have ever been in circulation in this country at any one time.

In the face of these facts where is the argument for free coinage?

SOUND MONEY.

I have been asked, "what is sound money?" I reply that sound money is of only one of two possible kinds: *first*, that whose market value as a commodity is equivalent to its face value as money; or, *second*, that which is representative in its character, and having little or no market value as a commodity, is convertible at par into money of the first kind. It is obvious that, within the terms of this definition, gold alone is sound money of the first kind, and legal tender notes, National bank notes, and the money of small change, subsidiary silver, nickel, and copper coins, are sound money of the second kind. It is also obvious, that so long as the Government of the United States is able to redeem its silver dollars in gold at par, those silver dollars are sound money of the second kind, for their monetary value is dependent, not upon their market value as bullion, but exclusively upon their convertibility at par into gold. It is also obvious that as money of the second kind, representative money, silver dollars are more bulky, more inconvenient to handle, more costly to produce, and no more effective than notes. It is also and equally obvious, that if silver were to be admitted to free coinage at the legal ratio of 16 to 1, under the independent action of this Government, it would not be possible

for this Government to continue to redeem its silver dollars at par in gold, and such silver dollars would, therefore, not be sound money.

HONEST MONEY.

I have been asked, "what is an honest dollar?" That is a question, which can be answered in the shortest possible way. An honest dollar, like an honest man, is that which does not pretend to be that which it is not. (Long and continued applause.) A silver coin which pretends to have a bullion value of one dollar, and which has a bullion value of only fifty cents, is, therefore, not an honest dollar. A forcible illustration of this view occurred in my experience some years ago. Not very long after the Bland Bill was passed, I had occasion, in the line of my duty, to visit a prisoner in the penitentiary. I went into his cell, and I said to him, "Well, my man, how did you happen to come here?" He replied, "I was sentenced to-day before Judge Butler in the United States Court, and I was sent here for doing just that which the Government of the United States is doing now, for I have been issuing silver coin whose face value considerably exceeded the value of the bullion in it." (Merriment.) Now, gentlemen, do you want to put the Government of the United States in the position of counterfeiting its own coin?

I have now perhaps said enough in the way of argument in support of the resolution, which simply expresses that which is the judgment of the business world upon this subject, and that which, depend on it, gentlemen, will be the judgment of the people of the United States upon this subject, for the people of the United States throughout their whole history have been honest and true. They may be misled for a time by the arts of demagogues, but in the long run the right triumphs, and on this question, as on every other, the right will finally triumph. (Applause.)

THE RECORD OF THE REPUBLICAN PARTY.

Now I have somewhat to say as to the record of the Republican party on this subject. That it could be supposed that a party whose whole history has been identified with the doctrine of sound money could go wrong on this question is very surprising. What party was it that drove out of existence the depreciated currency of the State banks and substituted for it the currency of the National banks, so that no man now ever looks at a note to learn what bank issued it, for he knows that the credit of the Government of the United States is behind that note. The Republican party gave us that system. What party was it that carried through, against Democratic and Populistic opposition, the restoration of specie payments? The Republican party. The party that conferred those blessings upon the people is now asked to sully its record by sanctioning the issuing of a dishonest currency, a currency under which labor will get less wages than it is now getting; for it is an undisputed and indisputable fact that, throughout the whole world, wherever the silver currency is predominant, there labor does not get its just reward.

Let me call your attention to the formal deliverances of the Republican party. In 1860 the convention which nominated Mr. Lincoln adopted this plank: "We commend that policy of National exchanges which secures to the workman living wages, to agriculture remunerative prices, to mechanics and manufacturers an adequate reward for their skill, labor and enterprise, and to the Nation commercial prosperity and independence."

No such policy of National exchanges can be carried into effect if the free coinage of silver is to prevail.

In 1864 the convention which renominated Mr. Lincoln adopted this plank: "That the National faith pledged for the redemption of the public debt must be kept inviolate * * * and that it is the duty of every loyal State to

sustain the credit and promote the use of the National currency."

Can the credit of the National currency be sustained and its use promoted if that currency is to be debased by issuing without limit dollars whose bullion value is but half of their face value?

During the administration of President Johnson the Democrats proposed to tax the United States bonds, and to pay the principal of those bonds in greenbacks. To meet this issue the Chicago Convention of 1868 which nominated General Grant adopted this plank: "We denounce all forms of repudiation as a National crime, and the National honor requires the payment of the public debt in the uttermost good faith to all creditors at home and abroad, not only according to the letter but the spirit of the laws under which it was contracted. * * * That the best policy to diminish our burden of debt is to so improve our credit that capitalists will seek to lend us money at lower rates of interest than we now pay, and must continue to pay so long as repudiation, partial or total, open or covert, is threatened or suspected."

In 1872 the Philadelphia Convention which renominated General Grant adopted this plank: "We denounce repudiation of the public debt in any form or disguise as a National crime."

If the Nation were to pay its creditors in silver dollars which should not be convertible into gold at par, would that be anything but repudiation? How long could the present low rates of interest continue to exist, do you suppose, if this country were to be put upon a silver basis?

In 1876 the Cincinnati Convention which nominated President Hayes adopted this plank: "In the first Act of Congress, signed by President Grant, the National Government assumed to remove any doubts of its purpose to discharge its just obligations to the public creditors, and solemnly pledged its faith to make provision, at the earliest practicable

period, for the redemption of the United States notes in coin. * * * Commercial prosperity, public morals and National credit demand that this promise be fulfilled by a continuous and steady progress to specie payments."

The terms "coin" and "specie payments" meant then, and mean now, payment in gold or in that which is convertible into gold at par.

The first appearance in a party platform of the Populist doctrine of the free coinage of silver is a plank which was adopted by the Greenback Convention of 1880, at Chicago, as follows: "That the right to make and issue money is a sovereign power to be maintained by the people for the common benefit. * * * All money, whether metallic or paper, should be issued and its volume controlled by the Government and not by or through banking corporations, and when so issued should be a full legal tender for all debts public and private. That the bonds of the United States should not be refunded but paid as rapidly as practicable, according to contract. To enable the Government to meet these obligations legal tender currency should be substituted for the notes of the National banks, the National banking system abolished, and the *unlimited coinage of silver* as well as gold *established by law*."

That was the first entry into the politics of this country of the demand for the unlimited coinage of silver, and it very appropriately came from a Greenback Convention; and with equal propriety it was coupled with the Populistic demand for an income tax. The Republican Convention of 1880, in which my friend Mr. Wharton Barker, now the head and front of the free-silver movement in this city, then took so distinguished a part, did not concur in the Populistic demand for the free and unlimited coinage of silver. On the contrary, that convention, true to the traditions of the party, adopted a conservative plank. It recited the facts that "the Republican party has raised the value of our paper coinage from 38 per cent. to the par of gold. It has

restored upon a solid basis payment in coin for all the National obligations, and has given us a currency absolutely good and equal in every part of our extended country. It has lifted the credit of the Nation from the point where 6 per cent. bonds sold at 86 per cent. to where 4 per cent. bonds are eagerly sought at a premium. * * * It has paid \$888,000,000 of the debt, and by renewing the balance at lower rates, has reduced the annual interest charge from nearly \$151,000,000 to less than \$89,000,000. All the industries of the country have revived, labor is in demand, wages have increased, and throughout the entire country there is evidence of a coming prosperity greater than we have ever enjoyed."

That is the sort of prosperity which always prevails under a Republican administration.

Talk about "the crime of 1873!" What was the crime of 1873 as compared with the enormity of the crime which was committed in 1880 by the free-silver advocates of to-day, such as my distinguished friend Mr. Wharton Barker, in advocating the election of that great statesman, President Garfield, and in endorsing and supporting with tongue and pen this platform that I have read to you?

In 1884 the Chicago Convention which nominated Mr. Blaine adopted this plank: "We have always recommended the best money known to the civilized world, and we urge that an effort be made to unite all commercial nations in the establishment of an international standard which shall fix for all the relative value of gold and silver coinage."

That is to-day the position of the Republican party. It advocates an international standard, but that is as far as anything can be from the advocacy of free silver under the independent action of the United States.

In 1888 the Chicago Convention which nominated President Harrison adopted this plank: "The Republican party is in favor of the use of both gold and silver as money."

In 1892 the Chicago Convention which renominated Mr. Harrison adopted this plank: "The American people from tradition and interest favor bimetallism, and the Republican party demands the use of both gold and silver as standard money with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals, so that the purchasing and debt-paying power of the dollar, whether silver, gold or paper, shall be at all times equal."

Those words are, in substance, quoted in the resolution which is before you to-night.

That platform of 1892 also states: "The interests of the producers of the country, its farmers, and its workingmen, demand that every dollar, paper or coin, issued by the Government shall be as good as any other."

There is not one word in these expressions of the party conventions which will support the claim that the Republican party has ever sanctioned the free coinage of silver by the independent action of the Government of the United States, or in the absence of an adequate international agreement of bimetallism. On the contrary, the free coinage of silver is a Populist and not a Republican doctrine. The Populist Convention of 1892 adopted this plank: "We demand the free and unlimited coinage of silver and gold at the present ratio of 16 to 1. We demand that the amount of circulating medium be speedily increased to not less than fifty dollars per capita." And as the necessary corollary of that proposition, that Populist Convention demanded "an income tax." The Republican party went to the country on the issue thus presented to the people as between its platform and the platform of the Populists, and the Republican party ought to have triumphed then, as it unquestionably will triumph in 1896. (Applause.)

Now, gentlemen, that is the record of your party. I ask every man who votes on this question to-night to bring himself face to face with the question: Am I a Republican, or

am I a Populist or a Greenbacker? And to say to himself, "if I am a Republican, I propose to stand by the platform of my party; if I am a Populist, or a Greenbacker, I propose to depart from the Republican party and to range myself under the degraded banner of silver at 16 to 1 when gold is worth 32 to 1 of silver in the markets of the world." That is the question for you to determine to-night: "Are you Republicans or are you Populists?"

THE LEAGUE SHOULD ACT.

Now, gentlemen, but a word more. A number of friends of mine, for whom I have the most sincere respect, have expressed in writing and otherwise the opinion that it is not desirable that the League should take any action upon this question. From that view I most respectfully, but most emphatically, dissent. The Union League is not only the best social club in the world, but it is also, by reason of the strength and of the representative character of its membership, a political power. It is Republican in principle and in policy. It has, throughout its history, been accustomed to lead, and not to follow, in the expression of those principles and in the formation of that policy. It was organized to perform a great public duty. I believe that that public duty is not yet ended, and that it never will be ended so long as this League exists, and so long as there are questions affecting the public welfare to be brought before the councils of the party. Without intending any disrespect to the gentlemen who are members of political conventions, I cannot believe that this League, constituted as it is of the leading business men in this great city of Philadelphia, should abdicate its independence of thought and action, and should say to the active politicians, "Do in your conventions whatever you please, we will slavishly follow you." I do not believe in that doctrine. I believe, on the contrary, that the brains in this League are worth much; I believe that the character in

this League is worth much; and I believe that the brains and the character in this League ought to tell the Republican party, when the Republican party is in a dangerous position, what perils it ought to avoid, and what course of policy it ought to adopt. (Tumultuous applause.)

THE RECORD OF THE LEAGUE.

It is hardly necessary, gentlemen, that I should remind you of the history of the League. You were organized for the purpose of aiding the Government of the United States in suppressing the Rebellion. You have again and again re-affirmed your devotion to the principle of protection; and I do not remember that any of the gentlemen of the Manufacturers' Club, who are now inclined to object to your sound views on finance, have ever criticized your action in defending the policy of protection. You have always been a political club in the highest sense of the term, and you have on every proper occasion declared your views on questions of general and public interest. On the 11th of January, 1864, in the dark days of the War, when some people claimed that the War had not been carried on as it should have been carried on, and that the great President of the United States had not done his whole duty, and when dissension was rife in the party, this League came together and with one voice declared, "We renominate Abraham Lincoln; we do not wait for any convention to tell us our duty; we think and act for ourselves," and the convention of the Republican party ratified your action. In December, 1867, you nominated General Grant for the Presidency, and in June, 1868, the Republican Convention again ratified your nomination. On the 18th of October, 1870, you initiated the movement for a Constitutional Convention in this State, and the present Constitution of this State is the direct result of your action. In December, 1868, impressed by the fact that political corruption was then rife in the city of Philadelphia, you proclaimed the necessity

for the enactment of a registration law, and the Legislature of Pennsylvania enacted the law which had been drawn by a committee of your members. In May, 1872, you renominated General Grant, and in the following month the Convention of the party again ratified your nomination. In September, 1893, you adopted resolutions declaring it necessary to repeal the silver-purchasing clauses of the Sherman Act of 1890, and that notwithstanding the opposition of the very same gentlemen who object to your action to-night, and you never did anything more beneficial than that from a business point of view and from a party point of view. If that action had not been taken, the claim would have been made, "Oh, the Democratic party is entitled to the credit of this; the Republican party does not come forward and take its share of the responsibility." I repeat that the action which you unanimously took on that occasion was an exhibition of sound business policy and wise party leadership. There are many other declarations to which I might refer in the records of the League, but I shall only quote further as applicable to this time and as exactly fitting the present emergency the statement made by President Pettit at the annual meeting of the League on December 11, 1893, when he said: "When it comes to a question of a choice of a President of the United States, when it comes to questions of great National importance, when it comes to questions of finance, when it comes to questions of tariff, questions of currency, when it comes to questions of National authority, questions in which we are all interested, this League has always declared itself and taken part."

Gentlemen, it is right the League should act, and I am sure that you will act to-night with so much unanimity and so much positiveness that your voice will go out from one end of this country to the other, carrying encouragement to all the friends of sound and honest money. (Long and continued applause.)

The Sound Money League of Pennsylvania

ORGANIZED MAY 28, 1895.

To combat the Free Coinage of Silver at the
arbitrary ratio of 16 to 1.

President, JOHN H. CONVERSE.

Vice-Presidents, WM. WOOD, SAM'L R. SHIPLEY, WM. D. WINSOR.

Treasurer, GEORGE C. THOMAS,

Secretary, WM. R. TUCKER,

Chestnut and Fifth Streets, Philadelphia.

The Bourse, Room 248, Philadelphia.

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CHAS. EMORY SMITH,
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WM. M. SINGERLY,
PEMBERTON S. HUTCHINSON,
JOHN C. BULLITT,
B. DALE BENSON,

R. H. RUSHTON.

Subscriptions are solicited for the work of the League, and will be received by the Treasurer, Mr. GEORGE C. THOMAS, Chestnut and Fifth Streets, Philadelphia.

PUBLICATIONS.

- No. 1. Proceedings of the Sound Money Meeting, Philadelphia, May 28, 1895. Speeches, etc.
- No. 2. Address of Hon. George L. Edmunds, and Resolutions. Reprinted from No. 1.
- No. 3. Address of Hon. Wm. L. Trenholm.
- No. 4. Address of Hon. Michael D. Harter.
- No. 5. Address of Hon. Charles Emory Smith.
- No. 6. Gold, Silver and Money, by Samuel R. Shipley.
- No. 7. The Action of The Union League of Philadelphia. Speeches of C. Stuart Patterson, Esq., Hon. Wm. Potter and Hon. Chas. F. Warwick.
- No. 8. Sound Money Speech of C. Stuart Patterson, Esq., at the Union League of Philadelphia.
- No. 9. The Silver Question in a Nutshe'll, by Theo. C. Knauff.
- No. 10. The Money Unit of 1792, by Hon. Marriott Brosius.
- No. 11. Hon. Marriott Brosius to the Farmers.
- No. 12. The Cost of Bad Money, by Edward Atkinson.
- No. 13. A Dissatisfied Farmer, by Theo. C. Knauff.
- No. 14. The Future Price of Silver, by Ellis Clark, Mining Engineer.
- No. 15. Address of Mr. George B. Roberts, President of the Pennsylvania R. R. Co.

Sound Money League of Pennsylvania

DOCUMENT No. 10.

The Money Unit of 1792

—BY—

HON. MARRIOTT BROSIUS.

THE SOUND MONEY LEAGUE OF PENNSYLVANIA,

THE BOURSE BUILDING,

PHILADELPHIA.

The Money Unit of 1792.

Whether the money unit contemplated by the Coinage Act of 1792 was based on both metals or on one only, may not be of great practical importance to-day, yet as a link in the chain of our monetary history, and as a subject of historical research commanding no inconsiderable attention at this time, it has value enough to warrant a desire to be right in our conclusions concerning it. In the interest of historic truth, therefore, and for no other purpose, I desire to bring into distinct review the acts and the arguments of the fathers of that day who had most to do with the establishment of our monetary system relating to the vexed question of our money unit. The data which such a review will supply may be useful in guarding against error, and in aiding those who are pursuing the inquiry to arrive at conclusions upon which an honest mind can rest with satisfaction.

WHAT IS A "MONEY UNIT?"

It may be desirable at the outset to try to have an intelligent notion of the meaning of the expression "money unit," about which much may be said without making it clear; and, indeed, when we come to define it, the less we say the less we are likely to obscure it. Some of the difficulty would no doubt vanish if we avoided confounding the abstract and the concrete contents of the expression. A numerical unit is a pure abstraction. It is expressed by a figure. We manipulate figures without respect to commodities of any kind. We can say three times three are nine without considering the concrete denotement of the numbers. It may be one or more of anything you choose, as one dollar or one apple.

A numerical unit is not a creature of the law, but of the mind. A single thing is one by nature and not by legal enactment. So we cannot reach the legal contents of the expression "money unit" from the merely numerical side.

When we advance a step toward the reality and add to the numerical abstraction, the word "dollar," we have a concrete unit. Every unit of measure or weight or value must be a concrete unit; a unit expressed by a determinate amount or quantity or weight of the thing to be measured or weighed or estimated, to be taken as a standard of comparison for other determinate amounts, quantities, or weight of like kind, and without which no kind of exchange but primitive barter could take place.

A money unit then contains this group of ideas, namely:—

First.—A numerical abstraction—a symbol for purposes of notation.

Second.—A determinate weight of precious metal or metals, as the case may be, which is fixed by law.

Third.—The denomination "dollar," also a creature of the law, which expresses the value of the predetermined weight of precious metal which constitutes the unit.

The value inheres in the metal, and not in the form of it. A certain number of grains of gold or silver in the form of a cube are just as effectually a unit of value as if in the form of a disc, for value resides in substance and not in form.

The struck coin is a thing apart. It is not the "money unit," but a thing of convenience in exchange, a certificate of weight and fineness. If it coincides with the unit in value that is an incident which gives it no character different from other coins excepting in denomination. The unit, as a mere symbol, is only the money of the mind. The struck coin is the piece for payment, and contains the value which its name expresses. The former is in view when a contract of sale is made, the latter only comes into requisition when it is executed. One is for the arithmetic of exchange, to afford

terms in which values can be expressed, the other is to effect exchanges of commodities whose value has been reduced to expression in the terms of the unit.

We have thus arrived at our definition of "money unit," namely, a given number of grains of precious metal possessing a determinate value, named "dollar" or "unit," by comparison with which the denominations of money are regulated, and in the terms of which, or the fractions, or multiples thereof, general values are expressed.

THE FIELD OF DISCUSSION.

The field over which the discussion of the fathers ranged embraces several distinct inquiries :—

First.—"What should be the unit of value?"

Second.—"Whether it should be based on one metal or both?"

Third.—"Whether it should be represented by a coin of corresponding value?"

Fourth.—"What coins should be struck to express values in the uses to which money was to be put?"

Each of these questions had distinct consideration and decision. The difficulties encountered by the Colonies and the Confederation, on account of the confused state of their money, were distinctly before the minds of the fathers when, under the Federal regime, they took up the subject of our money for deliberate and determinate treatment. Foreign coins of gold and silver were current in the country; their value varied in different States, and to know the meaning of "a pound" or "a shilling" you had to know what State you were in.

The Spanish silver dollar had, it is said, at least five different values in as many sections of the country. McMaster tells us it was not unusual for a traveler to pay bills with silver dollars in Boston at six shillings the dollar; the next

week in New York at eight shillings; some days later in Philadelphia at seven shillings and six pence, and still later at thirty-two shillings and six pence at Charleston. Gold it seems was not subject to so much variation. The value of the gold pieces expressed in dollars was pretty much the same the country over, and $24\frac{3}{4}$ grains of gold corresponded very nearly with the nominal value of the Spanish silver dollar in all the States.

Another cause of confusion was the clipping of the coin, which had been carried to such an extent that Washington suggested that before long every man would have to travel with a pair of balances in his pocket, or run the risk of being cheated. In such a state of monetary chaos it is little wonder that the people began to look to Congress for succor, and that committees were appointed to consider and report upon suitable means of unifying the money of the country.

ROBERT MORRIS ON THE UNIT.

Confronted by the necessity thus presented of a suitable monetary system for the new government, and instructed by the experience of the past, the fathers came to the consideration of the subject. The report of Robert Morris to Congress on a Coinage Scheme made on January 15, 1782, was the first contribution of great value to the discussion of that day. That report, though it bore the name of Robert, is believed to have been wrought out chiefly by Gouverneur Morris. By way of preliminary he observed the happiness we derived from unity in our system of weights and measures throughout America, and noted the advantages we enjoyed from having throughout the Union the same ideas of a mile and an inch, a hogshead and a quart, a pound and an ounce. But with respect to our money he lamented that the case was widely different, and that the ideas annexed to a pound, shilling and penny were as various as the States themselves, rendering calculation a prerequisite to every commercial exchange. He then takes up the chief inquiry which concerns

us in this paper, namely, "Whether the money unit should be affixed to both metals or to one only?" After comparing the merits of the metals, and the arguments for and against each, he says: "There can be no doubt, therefore, that our money standard ought to be affixed to silver." The argument that led up to this conclusion was that the scale by which everything is to be measured ought to be fixed as the nature of things will permit of. And as a money standard affixed to both metals would not afford a fixed and certain scale, because if affixed to both it would in reality be affixed to neither, "for" he says, "the demand which commerce might make for either of the precious metals in preference to the other would vary this real standard from time to time, and in every payment a man would get more or less of real value for his debt, according as he was paid in the coin of greater or less value in relation to the real standard."

Mr. Morris next considers what the "money unit" should be. He says: "The purposes of commerce require that the lowest divisible point of money, or what is more properly called the 'money unit,' should be very small, but there is no necessity that the unit be exactly represented in coin; it is sufficient that its value be precisely known." This makes it quite clear that in his mind there was a distinction between the "money unit" and the sensible object which was to represent it.

Advancing his argument on this line, Mr. Morris says: "The money unit will be equal to a quarter of a grain of fine silver in coined money; proceeding then in a decimal ratio, 100 would be the lowest silver coin, and might be called a cent, while the dollar, which contains about 373 grains of fine silver at the mint price, would be 1,440 units." He does not propose the coinage of any piece of that name, but all current coins are to be rated to silver at a mint price, established at 22,237 units per pound. The great merit he claimed for his unit was that all the currencies of the States were reducible to it without a remainder.

MORRIS' CONCLUSIONS.

The points distinctly made by Mr. Morris and to be carried with us in the further progress of the discussion are: 1st. That a money unit affixed to both metals could not be stable and certain. 2d. That the money unit should be attached to silver alone. 3d. That no coin need be struck to correspond with the money unit.

THOMAS JEFFERSON'S VIEWS.

The next important contribution to the discussion is "Thomas Jefferson's Notes on the Establishment of a Money Unit and of a Coinage for the United States." These Notes, it appears, were communicated to Congress simultaneously with Mr. Morris' report in 1782. Mr. Jefferson objected to Mr. Morris' money unit because it was too small, holding that the 1,440th part of a dollar as a unit would be inconvenient in commerce. He says: "It is inconvenient in its application to ordinary money transactions. The price of a loaf of bread, $\frac{1}{20}$ of a dollar, would be 72 units. A pound of butter, $\frac{1}{5}$ of a dollar, would be 288 units. Ten thousand dollars would require eight figures, to wit, 14,400,000. A horse or bullock of \$80 value would require a notation of six figures, to wit, 115,200 units." Nowhere in his Notes does Mr. Jefferson make any objection to the plan of Mr. Morris on the ground of there being no coined piece to correspond with the unit of value. He assented also to the suggestion that it was not essential that a coin be struck to correspond with the money unit. The decimal ratio, he thought, was ingenious and admirable.

In considering the unit of money, he says: "Three circumstances are of principal importance:—

"*First*.—That it be of a convenient size to be applied as a measure to the common money transactions of life.

"*Second*.—That its parts and multiples be an easy proportion to each other so as to facilitate the money arithmetic.

"*Third.*—That the 'unit' and its parts or divisions be so nearly of the value of some of the known coins as that they may be of easy adoption for the people."

It will be seen that in this enumeration of the important requisites of a "money unit" no mention is made of the metal in which the "unit" is to be represented. Gold would answer all the requirements equally with silver. He, however, goes on to say, "The Spanish dollar seems to fulfill all these conditions." His reasoning in support of this observation may be summarized as follows:—

1. As a common measure it is of convenient size.
2. The value of any amount up to \$10,000 is easily estimated by the mind, so also that of the tenth or hundredth of a dollar; and few transactions are above or below these limits.
3. It coincides in value with some of the known coins so nearly that the people can quickly estimate their value.
4. The dollar is a known coin and the most familiar of all to the mind of the people.

It will be observed that none of these reasons turn upon the metal out of which the unit is to be coined, and no preference is indicated on the ground of any intrinsic or even sentimental superiority of silver over gold. There is no suggestion that silver was the money of the poor and gold the money of the rich; no suggestion of a conflict of interest between Wall street and the rural districts; between the banker and the farmer; no thought expressed of favoring one metal by attaching the unit to it, or that men "desiring to injure business by making money scarce could not so easily get hold of all the silver and hide it away as they could gold." The era of the demagogue had not yet come in.

JEFFERSON'S RECOMMENDATIONS.

In concluding his Notes Mr. Jefferson submits the following recommendations: "That the money unit of these States

shall be equal in value to a Spanish milled dollar; that it shall be divided into tenths and hundredths; that there shall be a coin of silver of the value of the unit, another of the same metal of the value of one-tenth of a unit, one other of copper of the value of one-hundredth of a unit; that there shall be a coin of gold of the value of ten units." In a supplementary paper he says: "My proposition, then, is that our notation of money shall be decimal; that the unit of this notation shall be a dollar; that coin shall be accommodated to it from ten dollars to the hundredth of a dollar."

JEFFERSON'S CONCLUSIONS.

Remembering, for the purpose of comparison, the conclusions of Mr. Morris, those of Mr. Jefferson may be summed up thus:—

First.—That the minuteness of Mr. Morris' money unit was not desirable, though the decimal ratio was admirable.

Second.—That the unit should be of the value of the Spanish milled dollar, and that a piece should be coined to correspond with it.

Third.—That the money unit should be based on both metals.

In view of the foregoing it seems difficult to conceive how any other conclusion is deducible from Jefferson's Notes than that he believed that the money unit should be based on both metals. But happily he did not leave the matter there. In his letter to Hamilton, of February, 1792, he says: "I will return you the report on the unit, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals."

Morris found grave objections to Jefferson's recommendations. He thought they provided a money unsuitable to the wants of the people; that the dollar was more nearly related to the British money than to our own currency; emphasizing his objection by the suggestion that you might as well

select for American farmers a scythe used among the Alps instead of one suitable to our own fields.

VIEWS OF THE GRAND COMMITTEE.

The next contribution to the discussion in consecutive order was the report to Congress of what was called the "Grand Committee on the Money Unit," in 1785. In this report the divergent views were considered and the conclusions of Mr. Jefferson adopted. They recommend the "dollar" as the money unit on the distinct grounds that the people were familiar with the value of a "dollar;" that it had been in general use and would conform to the National mode of keeping accounts.

On July 6, 1785, Congress received the report of the Grand Committee, and on the resolution "That the money unit of the United States of America be one dollar," the yeas and nays were called and every member answered "yea."

BOARD OF TREASURY REPORT.

On the 8th of April, 1786, the Board of Treasury reported to Congress their conclusions on the expediency of a mint for the coinage of American money.

In their report they recommended a "silver dollar" as the money unit. In August, 1786, Congress adopted the following resolution:—

Resolved, That the money unit of the United States, being by the resolve of Congress of the 6th of July, 1785, a dollar shall contain of fine silver $375\frac{64}{100}$ grains."

After providing for the coinage of the dollar as the highest silver coin, and the divisions thereof, halves, double dimes and half dimes, it provides, "That there shall be two gold coins, one containing $246\frac{268}{1000}$ grains of fine gold equal to ten dollars, and to be called an eagle. One containing $123\frac{134}{1000}$ grains of fine gold, equal to five dollars, and to be called a half eagle."

HAMILTON'S REPORT.

To this point had the evolution of our "money unit" arrived when Hamilton entered the debate with his celebrated report on the establishment of a mint. This was presented to Congress in April, 1791, and as the views therein expressed were subsequently embodied in the Coinage Act of 1792, he may be said to have given the subject its final form and finish, and his views to have received the honor of acceptance by the American people. Mr. Hamilton in this report covers the entire ground of the previous discussion, and treats the subject with a firmness of grasp and clearness of insight into the principles of monetary science only possible to his amplitude of understanding and intellectual penetration. The first inquiry to which he addresses himself is: "What ought to be the nature of the money unit of the United States?" By way of preliminary he alludes to the then existing "unit" in the money of account, which he maintained was the "pound sterling," though it could not be said to be the "unit in the coins." In the absence of legislation, usage and practice, he thought had given that character to the Spanish milled dollar. He, however, saw objections to the "dollar," because it had never had any settled or standard value according to weight or fineness, while gold on the other hand had a fixed price by weight and fineness. He says: "The greater stability of value of the gold coins is an argument of force for regarding the money unit as having been hitherto virtually attached to gold rather than to silver."

Then, again, he suggested that the variety of "dollars" then current, containing unequal amounts of fine silver, presented a difficulty in defining the particular "dollar" to which the "money unit" was to be applied, supposing it to be most applicable to that species of coin. Nor did he omit to point out the importance of applying the unit to a coin that would be conformable to the existing proportion between the two metals in this country, as

well as to that which obtains in the commercial world generally.

NO PREFERENCE FOR EITHER METAL.

He next applies his mind to the inquiry, whether or not the money unit ought to be peculiarly attached to either of the metals in preference to the other, and if to either, to which of them? The argument in this part of the report advances with so firm and sure a foot that I must at the risk of tediousness reproduce a portion of it in Mr. Hamilton's own words.

After indicating that the resolutions of Congress of 1785 and 1786, declaring the money unit to be a dollar, and providing for both gold and silver coins, were not clear in their meaning since they did not explain whether either of the two species of coins of gold or silver had any greater legality in payments than the other, and suggesting that a preference in the matter of payment was necessary to carry out the idea of attaching the unit exclusively to one metal, he says :—

“If each of them be as valid as the other in payments to any amount, it is not obvious in what effectual sense either of them can be deemed the money unit rather than the other. If the general declaration, that the dollar shall be the money unit of the United States, could be understood to give it a superior legality in payments, the institution of coins of gold, and the declaration that each of them shall be equal to a certain number of dollars, would appear to destroy that inference. And the circumstance of making the dollar the unit in the money of account seems to be rather a matter of form than of substance.

“Contrary to the ideas which have heretofore prevailed in the suggestions concerning a coinage for the United States, though not without much hesitation, arising from a deference for those ideas, the Secretary is, upon the whole, strongly inclined to the opinion that a preference ought to

be given to neither of the metals for the money unit. Perhaps, if either were to be preferred it ought to be gold rather than silver.

“But, upon the whole, it seems to be most advisable, as has been observed, not to attach the unit exclusively to either of the metals, because this cannot be done effectually without destroying the office and character of one of them as money, and reducing it to the situation of a mere merchandise, which, accordingly, at different times, has been proposed from different and very respectable quarters, but which would probably be a greater evil than occasional variations in the unit from the fluctuations in the relative value of the metals, especially if care be taken to regulate the proportion between them, with an eye to their average commercial value.”

Later on in this report Mr. Hamilton recurs to the question of the “money unit,” and concludes the discussion as follows:—

“The conclusion to be drawn from the observations which have been made on the subject, is this: That the unit, in the coins of the United States, ought to correspond with $24\frac{3}{4}$ grains of pure gold and with $371\frac{1}{4}$ grains of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is with a small fraction of the mean of the two last emissions of dollars, the only ones which are now found in common circulation and of which the newest is in the greatest abundance. The alloy in each case to be one-twelfth of the total weight, which will make the unit 27 grains of standard gold and 405 grains of standard silver.

“Each of these, it has been remarked, will answer to a dollar in the money of account. It is conceived that nothing better can be done in relation to this than to pursue the track marked out by the resolution of the 8th of August, 1786. This has been approved abroad as well as at home, and it is certain that nothing can be more simple or

convenient than the decimal subdivisions. There is every reason to expect that the method will speedily grow into general use when it shall be seconded by corresponding coins. On this plan the unit in the money of account will continue to be, as established by that resolution, a dollar and its multiples, dimes, cents and mills, or tenths, hundredths and thousandths."

HOW HAMILTON DETERMINED THE WEIGHT OF THE SILVER DOLLAR.

It is worth noting in this connection how Hamilton determined upon $371\frac{1}{4}$ grains of fine silver as the most suitable amount for the silver dollar. He found that the Spanish milled dollars of different dates varied in the amount of silver they contained; one containing 374 and another 368 grains, and that neither one sustained to $24\frac{3}{4}$ grains of fine gold the ratio of 15 to 1, which coincided with the difference in the coined metals as established by custom in our market and in our currency. Taking the mean of the two Spanish pieces, however, he found that the proportion conformed very nearly to the ratio of 15 to 1, so that he had only to multiply $23\frac{3}{4}$ by 15 to obtain $371\frac{1}{4}$ as the proper weight in grains for the silver dollar.

He then gives the following schedule of coins which he thinks would be advisable until experience demonstrates the necessity for others:—

"One gold piece, equal in weight and value to ten units or dollars.

"One gold piece, equal to a tenth part of the former, and which shall be a unit or dollar.

"One silver piece, which shall also be a unit or dollar.

"One silver piece, which shall be in weight and value, a tenth part of the silver unit or dollar.

"One copper piece, which shall be of the value of a hundredth part of a dollar.

"One other copper piece, which shall be half the value of the former."

He then says in conclusion: "It is not proposed that the lightest of the two gold coins should be numerous, as in large payments the larger the pieces the shorter the process of counting, the less risk of mistake, and consequently the greater the safety and the convenience; and in small payments it is not perceived that any inconvenience can accrue from an entire dependence on the silver and copper coins. The chief inducement to the establishment of the small gold piece is to have a sensible object in that metal, as well as in silver, to express the unit. The smallest of the two gold coins may be called the dollar or unit in common with the silver piece with which it coincides."

HAMILTON'S CONCLUSIONS.

Having in view the previous summing up of Morris' and Jefferson's views, the conclusions of Hamilton may now be placed for comparison beside those of his distinguished cotemporaries, as follows:—

1. That up to that time the money unit had practically been attached to both gold and silver.
2. That coin should be struck in both metals to correspond with the money unit.
3. That the money unit should be based on both metals.

THE COINAGE ACT OF 1792.

It is suitable at this point to bring into view the section of the Coinage Act of 1792, which relates to the money unit, that it may be seen whether on a fair construction it expresses the Hamiltonian and the Jeffersonian view or the contrary one.

The ninth section reads in part as follows: "That there shall be from time to time struck and coined at the said mint

coins of gold, silver and copper of the following denominations, values and descriptions, viz.: Eagles, each to be of the value of ten dollars or units, and to contain $247\frac{4}{8}$ grains of pure or 270 grains of standard gold; half eagles, each to be of the value of five dollars, and to contain $123\frac{6}{8}$ grains of pure or 135 grains of standard silver; quarter eagles, each to be of the value of two dollars and a half dollar, and to contain $61\frac{7}{8}$ grains of pure and $67\frac{4}{8}$ grains of standard gold. Dollars or units each to be of the value of a Spanish milled dollar, as the same is now current, and to contain $371\frac{1}{4}$ grains of pure or 416 grains of standard silver."

SOME REFLECTIONS.

Having before us the foregoing review of the facts of the situation, the reasonings of the fathers of 1792 and the enactment which embodies their conclusions, we are in a position each according to his own light and leading to subject to suitable tests the validity of the views which have been from time to time advanced on the subject.

It will be seen that the Act of 1792 is not as explicit in defining a "money unit" as the Act of 1873, nevertheless the meaning which the language carries is free from doubt. The Spanish milled dollar was at that time a current coin. Its value was known, and that value was to be the "money unit," by the terms of which all values in commerce were to be expressed and in correspondence with which coins were to be struck. Some find a stumbling block in the fact that a coin of silver was struck and no corresponding one of gold identical in value with the ideal unit and bearing its name. But that has no tendency to prove that the "unit" was based upon that metal in preference to gold. Indeed, the contrary may be conclusively presumed from the absence of an express declaration to that effect. It will be remembered that Robert Morris, as already stated, proposed no coin corresponding with his money unit, while Hamilton thought it better to have such a coin in both metals. In many countries

there are no coins struck corresponding with the unit of value. It is well known that in Great Britain the pound sterling is the unit of value, but no coin answering to that unit was ever struck. In France and the other countries of the Latin Union, the "money unit" is the franc, yet no such piece of full legal tender money was ever struck. Our existing money unit is indisputably a gold dollar, but we coin no answering piece of money. In Spain the unit of value is the silver peseta, equal to a franc, but it is not a full legal tender coin. In Germany, when the gold standard prevails the unit of value is the "mark," but no gold coin answering to it was ever struck.

So the most superficial knowledge of the subject makes it obvious that the denomination of coins struck at the mint affords little aid in construing the Act of 1792 as to whether the money unit was based on one or both metals, for it has no more logical connection with the unit than another question mooted at the time, namely, whether the coins should contain representations of English barbarities or selections from the proverbs of Solomon and the wisdom of Franklin?

HAMILTON'S REASONING.

No one can follow the reasoning of Mr. Hamilton without being sensible of its clearness and convincing power. It may easily be that were he arguing the question now he would put less stress upon the equality of legal tender power in the two metals as evidence of an intention to attach the money unit to both of them. But the argument carried great force and cogency in the then state of monetary knowledge and experience. It was doubtless taken for granted by Hamilton, for Adam Smith had declared it only fifteen years before, that in all countries only the measure of value money was legal tender. That Jefferson was in substantial unity with his reasoning, and his conclusions adds distinctly to the credit of both. No two voices in all the land were more potential than theirs, and when united, as

they were on the "double basis" of our money unit, it is hardly permissible to believe that their counsel was disregarded by Congress in legislating upon the subject.

CONCLUSION.

And therefore, at whatever conclusion others may arrive from an equally sincere consideration of the same data, I am of opinion that the reasoning of the fathers, the earliest consideration given the subject by Congress, the terms of the Coinage Act of 1792, their logical and grammatical construction, and the antecedent probability that the conclusions of Hamilton and Jefferson were intended to be embodied in the law, all unite to constitute an impregnable body of evidence in support of the view that the act was intended to attach the money unit to gold and silver alike. That $24\frac{3}{4}$ grains of fine gold and $371\frac{1}{4}$ grains of fine silver, coined or uncoined, each equal in value to the Spanish milled dollar constituted our money unit, to be known by the denomination of "dollar" or "unit" (the words being used interchangeably), in the terms of which all values were thereafter to be expressed; that the given weight of one metal and the given weight of the other, were alike the sensible objects answering the ideal unit; were equal in value, equal in legal tender power, and possessed an equally incontestable title to the honor of being the basis of our money unit under the bimetallic system which the genius of Hamilton, the philosophy of Jefferson and the wise statesmanship of their contemporaries established more than a hundred years ago.

The Sound Money League of Pennsylvania

ORGANIZED MAY 28, 1895.

To combat the Free Coinage of Silver at the
arbitrary ratio of 16 to 1.

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